

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 19 – SB 152**

March 27, 2017

**SUMMARY OF ORIGINAL BILL:** Authorizes temporary sale sites for motorcycle dealers. Defines “motorcycle dealer” and “temporary site.” A successful permit application along with payment of a \$100 application fee authorizes a motorcycle dealer to establish a temporary sales site at which to sell, solicit, or advertise the sale of new or used motorcycles. The proposal limits each motorcycle dealer to one temporary site permit per calendar year. This permit is valid for up to seven consecutive days at the temporary site location, as provided on the application.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue - \$1,000/Motor Vehicle Commission

Increase State Expenditures – \$1,000/Motor Vehicle Commission

**SUMMARY OF AMENDMENT (006299):** Deletes and rewrites the bill such that the only substantive changes are: (1) replaces the “temporary site permit” with a “special event permit”; (2) increases the fee for such permit from \$100 to \$1,200; (3) creates an “exhibition permit” which a manufacturer or vendor may purchase for \$250, allowing such manufacturer or vendor to operate at the site of the special event; (4) creates a “participant fee” which a motorcycle dealer may purchase for \$100, allowing a motorcycle dealer to participate in the special event; (5) establishes that only one special event permit may be issued under the provisions of this bill as amended; and (6) deletes the provisions of this bill as amended on June 30, 2018.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue – \$6,400/One-Time/Motor Vehicle Commission**

**Increase State Expenditures – \$1,000/One-Time/Motor Vehicle Commission**


Assumptions for the bill as amended:

- Establishes the following permits and applicable fees:
  - Special event permit: \$1,200;
  - Exhibition permit: \$250; and
  - Participant permit fee: \$100.

- The provisions of this bill as amended will terminate as of June 30, 2018.
- This bill as amended restricts the issuance of a special event permit to one single event. Thus, a one-time increase in revenue of \$1,200.
- It is assumed that approximately 10 manufacturers or vendors will purchase an exhibition permit. Thus, a one-time increase in revenue of \$2,500 (10 x \$250)
- According to information obtained from the United States Census Bureau, there are approximately 107 retail establishments in Tennessee that sell motorcycles, ATVs, and personal watercraft. The data does not provide an exclusive accounting of the number of retail motorcycle dealers in Tennessee.
- It is assumed that approximately 25 percent of the estimated 107 retail motorcycle dealers in the state, or 27 retail motorcycle dealers, will decide to purchase a participant permit for a sales site (107 x 25%). Thus, a one-time increase in revenue of \$2,700 (27 x \$100)
- The Motor Vehicle Commission (MVC) will be responsible for creating, receiving and approving applications, and collecting permit fees.
- The total one-time increase in state permit fee revenue to the MVC is estimated to be \$6,400 (\$1,200 + \$2,500 + \$2,700).
- The MVC will incur additional expenditures related to this new regulatory duty. As a result, the one-time increase in state expenditures for the MVC to regulate and administer one special event and issue associated permits is estimated to be \$1,000.
- The impact on total sales of motorcycles in the state is estimated to be not significant; therefore, the net impact on state and local sales tax revenue is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The MVC experienced a surplus of \$618,571 in FY14-15, a deficit of \$265,344 in FY15-16, and a cumulative reserve balance of \$1,974,673 on June 30, 2016.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb